

**Summary of Twentieth Negotiation Session on
New Water Supply Agreement**

Date of Session: June 28, 2004
Place: Santa Rosa Laguna Pumping Plant
Time: 9:00 AM – 12:00 PM

Parties Present and Represented:

Cities: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma and Windsor.
Special Districts: Sonoma County Water Agency, Valley of the Moon WD, North Marin WD and Marin Municipal WD.

Attachment A contains complete list of attendees.

Parties Status Re. Review by Attorneys and Decision Makers of Draft 4 of the Restructured Agreement for Water Supply:

The Parties reported that Draft 4 was either under review by their attorneys and/or decision makers. Discussion focused on concerns raised by Santa Rosa regarding: (1) demand hardening issue (Section 3.5 of Restructured) and (2) need to increase caps in agreement to conform to new General Plans (Section 1.6). Porter noted that Santa Rosa, responding to the WAC's recommendation, is meeting in the next two weeks with each water contractor and Agency staff with the goal of achieving consensus on a water supply allocation method that takes into account demand hardening. Martini indicated Santa Rosa was essentially willing to yield on all other points and suggested discussions between the attorneys on interpretation issues regarding item (2).

DeGabriele and Nelson questioned the Agency's unwillingness to carry out the provisions of Section 1.6 regarding amending caps to conform to updated general plans. Poole said the Agency could not increase the caps until water supply is available to the Agency to cover the increases. He said the need for added supplies (caps) will result in expansion of the supplemental EIR to include same. He said this would be accomplished utilizing data that will be developed by the \$100,000 study authorized by the WAC earlier this year which will take into account updated general plans needs. He estimated this process would add two years to the time-line whose ultimate goal is acquisition of additional water rights from the State Water Resources Control Board - resulting in a total time-line of about 10 years. He outlined the recommendations he was making the next day to the SCWA Board of Directors regarding this and other pertinent issues. Mackenzie noted updated information will be available on the City of Rohnert Park's Specific Plans this fall. Pam Torliatt said the City of Petaluma's new General Plan should be available in 6 months.

Regarding scheduling, the consensus was as follows:

1. Santa Rosa to complete its round of meetings with Water Contractors and recommend a water supply allocation procedure plus suggest legal language for the Restructured Agreement and present to regular WAC meeting scheduled for August 2, 2004.
2. Contractors to complete legal and policy review of Draft 4 so that final draft of the Restructured Agreement could be prepared.
3. Present final draft of Restructured Agreement to decision makers circa September.

Extended MOU:

Nelson presented the work product of the MOU Tech. Committee (Attachment B) noting the following:

1. All reference to conservation, recycling and local supply funding and implementation have been deleted, as these are included in the Restructured Agreement.
2. Section 5 - Special Operational Response is new and provides that major focus is placed on cooperation of the SCWA and Water Contractors in meeting interim aqueduct system production limitations by optimizing operation of local supplies and by implementing volunteer coordinated demand shedding of large irrigation accounts during critical periods.
3. Water Contractors are required to use best efforts to stay within Table 1 allocations. Nelson noted allotments were developed using peak aqueduct demand experience and are based on the availability of 92 mgd of SCWA production capacity. He noted the figures need to be refined based on research under way by the Agency regarding actual meter read dates.
4. No penalties apply if Water Contractors exceed Table 1 values unless a given Water Contractor exceeds their Section 3.1(a) entitlements or violates the peaking provision limits set forth in the existing Eleventh Amended Agreement (Sections 3.1 (b and c) (these same provisions carry forward into the Restructured Agreement).
5. Extended MOU becomes effective once all parties sign (expected to occur in fall of 2004) and terminates September 30, 2008.

Discussion that ensued focused on item 2 above. Torliatt noted that the Special Operational Committee might well be getting into policy issues. Ferris said general guidance should be provided by the policy makers, but that the details need to be left to Special Operations Group.

The parties agreed the MOU should continue to proceed on a parallel track with the Restructured Agreement. Nelson said he should have the final recommended Table 1 values to the WAC before the regular August meeting.

Follow-up Schedule:

Follow-up actions/schedule indicated in the course of discussions:

1. Santa Rosa (Porter) and SCWA (Jeane) to complete round of meetings with Water Contractors on demand hardening and prepare recommended procedure for WAC to consider.
2. Santa Rosa's Attorney to draft suggested language for Restructured Agreement re. demand hardening.
3. SCWA (Pegg) to supply Nelson with meter reading dates data.
4. Nelson to refine Table 1 recommendation and submit to MOU Tech. Committee for review and comment and then to WAC.
5. Items 1 through 4 to be completed asap and provided to the WAC before August 2, 2004 regular meeting.
6. Each Party to complete legal and policy review of Draft 4 of Restructured and Draft 4 of Extended MOU and submit comments (should send to Steve Shupe, Agency's Attorney).
7. Interested Parties to have attorneys meet to consider interpretation issues – particularly Section 1.6 (Santa Rosa will host).
8. WAC to work cooperatively with goal of getting final drafts of Restructured and Extended MOU to Decision Makers circa September.

Next Agreement Negotiation Session:

Time and Date: 9:00 AM-12:00 PM, July 26, 2004
Place: Santa Rosa's Laguna Treatment Plant

Next Regular WAC Meeting:

Time and Date: 9:00 AM-12:00 PM, August 2, 2004
Place: Santa Rosa's Laguna Treatment Plant

Attachments:

- A. List of Attendees, June 28, 2004 Negotiation Session
- B. Proposed Extended MOU

Attachment A

Water Advisory Committee Negotiation Meeting Attendance For June 28, 2004

Attendees: Miles Ferris, City of Santa Rosa
Virginia Porter, City of Santa Rosa
Mike Martini, City of Santa Rosa
Jane Bender, City of Santa Rosa
Terry Stubbings, City of Cotati
Janet Orchard, City of Cotati
Mary Grace Pawson, City of Cotati
Chris DeGabriele, North Marin Water District
Drew McIntyre, North Marin Water District
Dennis J. Rodoni, North Marin Water District
Randy Poole, Sonoma County Water Agency
Kiergan Pegg, Sonoma County Water Agency
Pam Torliatt, City of Petaluma
Mike Ban, City of Petaluma
Mike Fuson, City of Sonoma
Al Bandur, City of Sonoma
Krishna Kumar, Valley of the Moon Water District
Ron Theisen, Marin Municipal Water District
Steve Phelps, Marin Municipal Water District
Darrin Jenkins, City of Rohnert Park
Jake Mackenzie, City of Rohnert Park
Paul Berlandt, Town of Windsor
Matt Mullan, Town of Windsor
John Olaf Nelson, JONWRM

Public Attendees: Brenda Adelman, RRWPC
Bob Anderson, United Winegrowers
Fred Soares, Southwest Neighborhood Alliance
David Keller, FOER